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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

I. THE COMMUNIST BLOC

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Geneva -- Soviet tactics: Soviet spokesmen continue to stress that their new Berlin proposals are not an ultimatum and hint at Moscow's willingness to amend its terms for an interim Berlin settlement in exchange for Western concessions. Khrushchev declared in his speech on 11 June at Riga that the new proposals were advanced "in the desire of furthering the success of the Geneva talks,"

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These statements reflect Moscow's aim of confronting the Western ministers with the alternative of accepting a compromise which would omit any reference to Allied rights in West Berlin or taking the initiative to terminate the conference.)

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II. ASIA-AFRICA

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Iran: The Shah has confirmed the resignation of Foreign Minister Hekmat and has named Dr. Jalal Abdoh, Iran's permanent representative to the United Nations since 1955, as his replacement. The fifty-year-old Abdoh is regarded as strongly anti-Soviet and well disposed toward the United States. The resignations of Hekmat and the ministers of interior and commerce on 11 June may be the beginning of a long-rumored cabinet reshuffle. Hekmat's resignation appears to have resulted from domestic political maneuvering rather than from any basic change in Iranian foreign policy.

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WFO Middle East Pipeline: (Lebanese Premier Karami, attempting to enhance his political popularity and retain his position in a revised cabinet after the government's decree powers expire on 13 June, is demanding an increase of more than 250 percent in transit fees from the American-owned Trans-Arabian Pipeline Company, which carries Saudi Arabian oil to the Mediterranean. Karami is claiming personal credit for the recent Iraq Petroleum Company settlement which increased the government's income from IPC by nearly 250 percent. TAPLINE officials have indicated that they intend to resist the Lebanese demands.)

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III. THE WEST

OK Cuba: The cabinet changes announced by Prime Minister Castro early on 12 June appear designed to tighten his control over the ministries at a time when he is being subjected to increasing domestic criticism, even among some elements heretofore closely associated with him. Castro has reacted defiantly to the criticism of his agrarian reform law. The new minister of agriculture replaces a man who had favored a more moderate law. Raul Roa replaces the moderate Foreign Minister Agramonte. The new minister's ultranationalism may make US dealings with Cuba more difficult.

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DAILY BRIEF

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I. THE COMMUNIST BLOC

USSR Hints at Willingness to Soften Berlin Proposals

Soviet spokesmen in both public and private statements are seeking to portray Foreign Minister Gromyko's new proposals for a one-year "interim settlement" of the Berlin problem in the most favorable light. They imply that the USSR is willing to amend and soften these terms in exchange for Western concessions. Khrushchev declared in his Riga speech on 11 June that the proposals were advanced "in the desire of furthering the success of the Geneva talks." Soviet propaganda is stressing that the proposals are a "major Soviet step to meet the Western position half way" and complaining that the Western ministers rejected them "without giving them serious study."

The press officer of the Soviet Embassy in East Berlin told a correspondent of a Swiss newspaper on 10 June that the proposals were intended as a basis for further negotiation and are in no way an ultimatum. He compared the one-year time limit with the six-month period established in the USSR's original free-city proposal of 27 November and described it as "just a way of getting negotiations under way."

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These statements reflect Moscow's intention to use Gromyko's new proposals as a negotiating device to bring pressure on the West to either accept a compromise formula or take the initiative in breaking off the talks. (The Soviet leaders probably hope this combination of pressure and hints of flexibility will lead the Western ministers to abandon or at least modify their insistence on an unconditional Soviet reaffirmation of Allied rights in West)

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(Berlin and to agree to the compromise formula outlined by Gromyko in recent private meetings at Geneva. He suggested that an interim settlement could be worked out which would say nothing, either positive or negative, about Western rights and would be confined to "specific arrangements" governing Allied access to West Berlin.)

(The Soviet leaders probably believe such a formula would not only open the way to a summit meeting, but would also advance their principal objective of obliging the West to consent to a change in the status of Berlin which would prejudice the Western position there.)

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II. ASIA-AFRICA

Trans-Arabian Pipeline Negotiations With Lebanon

(Lebanese Premier Karami, in an attempt to enhance his political popularity and retain his position if the cabinet is revised after the government's decree powers expire on 13 June, is demanding almost \$15,000,000 in annual revenues from the American-owned Trans-Arabian Pipeline Company (TAPLINE) which carries Saudi Arabian oil to the Mediterranean port of Sidon. The company is not willing to offer more than "a very slight addition" to existing fees, which would still leave the annual total below \$5,000,000.)

(The Iraq Petroleum Company (IPC) has already acquiesced to an increase in its annual payments to Lebanon nearly as great in proportion as that being demanded of TAPLINE. Under a 3 June agreement, Beirut's annual revenue from IPC was raised from the present \$1,008,000 to about \$3,433,000. In addition, Lebanon will receive a payment of \$16,174,040 in settlement of government claims dating to 1952.)

(TAPLINE officials are convinced that the IPC agreement is "disastrous," and consider Beirut's demands "in the realm of fantasy." They believe IPC eventually will divert oil now moving through the Lebanese port of Tripoli to the Syrian port of Baniyas, terminating its operations in Lebanon. TAPLINE, unlike IPC, does not have a branch to a Syrian port.)

(In an effort to give Lebanon a cooling-off period, TAPLINE will attempt to begin negotiations first with Syria and Jordan. At present TAPLINE is operating at substantially less than capacity. The world tanker surplus has driven rates so low that oil companies are finding it more profitable to ship rather than pipe oil from the Persian Gulf. TAPLINE accordingly has little prospect of successfully increasing its charges to the oil companies to offset major increases in what TAPLINE itself must pay to the countries through which it passes.)

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III. THE WEST

Cuban Cabinet Changes Tighten Castro's Control

The cabinet changes announced by Cuban Prime Minister Fidel Castro early on 12 June appear designed to tighten his control over the ministries. They coincide with increasing domestic criticism, even among some elements heretofore closely associated with Castro, of his policies, particularly the recently promulgated agrarian reform law. There are also mounting indications that the government is concerned over counterrevolutionary plotting by the still divided and relatively weak opposition elements.

Castro, who reacts defiantly to virtually all criticism of his regime, appears to be relying increasingly on sycophants and purposeful extremists for advice. The new minister of agriculture, Pedro Miret, replaces a man long close to Castro who considers the agrarian reform law too radical. Miret is not known to have had any experience in the agriculture field. Raul Roa replaces the pro-US and moderate Roberto Agramonte as minister of foreign relations. Roa, until now Cuban ambassador to the OAS, is a leftist but has a record of opposition to Communism. He is a fiery ultranationalist who will probably be difficult to deal with.

The pro-Communist director of the newly formed institute to implement agrarian reform issued a public threat against opponents of the agrarian law, saying they should leave Cuba "before the people give them what they deserve." He said they were traitors trying to pave the way for a "Guatemala-type revolution" in Cuba.

The president of the Cuban cattlemen's association, in a bitter attack on the agrarian reform law, declared publicly on 12 June that the law is Communist inspired and that the cattlemen will "fight to the death to have it changed."

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